

E-111/MR-89-424 ACCEPTING COMPLIANCE FILING, REQUIRING ENERGY
CONSERVATION COLLABORATION WITH DEPARTMENT OF PUBLIC SERVICE AND
REPORTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of Dakota Electric
Association's Proposal to Offer a Rate Credit
to Large Commercial and Industrial
Customers

ISSUE DATE: May 25, 1990

DOCKET NO. E-111/MR-89-424

ORDER ACCEPTING COMPLIANCE
FILING, REQUIRING ENERGY
CONSERVATION COLLABORATION
WITH DEPARTMENT OF PUBLIC SERVICE
AND REPORTS

PROCEDURAL HISTORY

On June 14, 1989, Dakota Electric Association (the Company) filed a proposal to offer a rate credit to Large Commercial and Industrial (C&I) Customers, entitled the C&I Pass Through Credit. The rate credit is a flow through of a rate credit offered to the Company by its supplier, Cooperative Power Association (CPA).

The Minnesota Department of Public Service (the Department) filed comments on July 20, 1989, supporting the Company's proposal.

On August 1, 1989, the Residential Utilities Division of the Office of the Attorney General (RUD-OAG) filed comments opposing the Company's proposal. The RUD-OAG argued that the proposal was unreasonably discriminatory and unreasonably promoted energy use.

On August 7, 1989, the Company responded to the RUD-OAG's filing.

On September 8, 1989, the Commission issued an order approving the Company's proposed C&I Pass Through Credit but directing the Company to file a report on the rate credit program and an evaluation of conservation programs currently available to its C&I customers and recommendations for future programs on or before March 1, 1990.

On February 23, 1990, the Company filed a report on its C&I Pass Through Credit and also a report on its conservation program.

On April 2, 1990, the Department filed an evaluation of the Company's rate credit program and its conservation program.

On May 15, 1990, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

In its September 8, 1989 Order, the Commission approved the Company's proposed C&I Pass Through Credit in the context of its on-going energy conservation concerns. The Commission indicated that these concerns could be best addressed by monitoring the effects of the rate credit program and evaluating the Company's energy conservation programs. In the Matter of Dakota Electric Association's Proposal to Offer a Rate Credit to Large Commercial and Industrial Customers, Docket No. E-111/MR-89-424, ORDER APPROVING PASS THROUGH OF SUPPLIER RATE CREDIT AND REQUIRING FILINGS (September 8, 1989), page 3.

Rate Credit Program

Based on the information provided by the Company and Department comments, it appears that the rate credit program did not unreasonably increase electric consumption in 1989. However, the information presented does not permit definite conclusions on this point due to the unusual weather in 1988 and the high number of hook-ups in 1989. The year is further unrepresentative because the Company's C&I customers were unaware until the end of the year that they were going to receive a credit for consumption in that year. The Commission concludes that more than one year of consumption data is needed to accurately determine if the rate credit has had an adverse impact on consumption patterns.

Accordingly, the Commission will direct the Company to file a similar report on the operation of its rate credit program in 1990 on or before March 1, 1991.

Conservation Programs

The Company's report on its conservation projects reveals a relatively undeveloped conservation program at this time and a lack of complete data on the Company's conservation activity for C&I customers. At the same time, the Department's analysis is that there is significant potential for energy-efficiency improvements in lighting and appliance use for small C&I customers and great potential for such savings in the residential class. Most timely, then, is the report that the Company has hired a full-time representative to work with C&I customers to expand program offerings and establish meaningful data collection procedures.

It appears, therefore, that this is a particularly auspicious time for active collaboration between the Company and the Department. The Company should learn more about its customer energy use patterns and needs for C&I and residential customers. The Company and Department should work together to design cost-effective programs targeted at customers with relatively high energy savings potential. To assess progress in these matters, the Commission will direct the Company to report back to the Commission on its conservation efforts by March 1, 1991.

ORDER

1. The compliance filing of Dakota Electric Association regarding its C&I Pass Through Credit and the current conservation programs offered to its C&I customer classes is accepted.
2. On or before March 1, 1991, Dakota Electric Association shall file a similar report on the operation of its C&I Pass Through Credit in 1990.
3. Dakota Electric Association shall continue to work with the Department of Public Service to develop conservation programs aimed at customers with high energy savings potential in the C&I and residential customer classes.
4. On or before March 1, 1991, Dakota Electric Association shall file a report regarding the status of its conservation programs.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)